



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

RQ-2

November 19, 2004

Deborah Trudell, Treasurer  
Nevada State Democratic Party  
409 Horn Street  
Las Vegas, NV 89107

**Response Due Date:**  
**December 20, 2004**

Identification Number: C00208991

Reference: August Monthly Report (7/1/04-7/31/04)

Dear Ms. Trudell:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. This notice requests information essential to full public disclosure of your federal election campaign finances. **An adequate response must be received at the Commission by the response date noted above.** An itemization of the information needed follows:

-Schedule A supporting Line(s) 11(c) of your report discloses a receipt(s) from a candidate committee(s) (see attached) which requires further clarification. For example, if this activity represents a transfer of funds, please indicate "transfer" on Schedule A supporting Line 11(c) of your report. If this activity represents a reimbursement for services provided to this committee, please indicate this on Schedule A supporting Line 15 of your report. Please amend your report to clarify the type of activity this receipt(s) represents.

-The totals listed on Lines 6(c), 11(a)(iii), 11(c), 11(d), 19, 20, 21(a)(i) and 21(a)(ii) Column B of the Summary and Detailed Page(s) appear to be incorrect. Please be advised that you should add the "Calendar Year-to-Date" total from your previous report to the current "Total This Period" figure from Column A to derive the correct Column B totals. Please amend your report and any subsequent reports that may be affected by this correction.

-Your calculations for Line 8 appear to be incorrect. Cash-on-hand at the close of the current reporting period should always equal the closing calendar year-to-date cash-on-hand amount. Please provide the corrected total on the Summary Page.

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-Schedule A supporting Line 15 discloses an offset to an operating expenditure from Friends For Harry Reid. However, it appears that a disbursement to this committee was not previously reported by your committee. Please amend the appropriate report(s) and disclose the original date of the disbursement on Schedule B supporting Line 21(b) of the Detailed Summary Page.

-On Schedule H2, you disclose the ratio for "W. Clinton Event" to be the same as previously reported; however, it appears that this activity/event was not previously reported. Please amend your report to clarify this discrepancy. 11 CFR §§104.10 and 104.17

-Schedule H4 supporting Line 21(a) of your report discloses a payment(s) for "insurance premium." Please be advised that pursuant to 11 CFR §300.33(c)(2), salaries and wages for employees who spend more than 25% of their compensated time in a given month on Federal election activity or activities in connection with a Federal election must not be allocated between or among federal and non-federal accounts. Rather, only federal funds may be used. Further, the Commission concluded in Advisory Opinion 2003-11 that amounts spent for employee-specific "fringe benefits," consisting of health insurance, disability insurance, life insurance, retirement benefits and payroll taxes, fall into the category of compensated time.

Any reimbursement from your committee's non-federal account for this payment is not permissible and must be returned. Although the Commission may take further legal action regarding this improper allocation activity, your prompt action will be taken into consideration.

-Schedule H4 of your report discloses voided or returned checks for expenditures made during this or previous reporting periods. However, you have failed to disclose a transfer-out for the federal portion of these voided checks issued for allocable expenses. Please provide clarifying information regarding the federal portion and, in addition, please clarify if and when these checks were reissued. If they were not reissued, please clarify the steps your committee has taken to account for the federal portion of these voided or returned checks in order to avoid the acceptance of a prohibited in-kind contribution.

-Schedule H4 of your report discloses a transfer to your non-federal account for an apparent refund(s) or rebate(s) of a previously allocated expense. Please be advised the refund or rebate must be allocated between the federal

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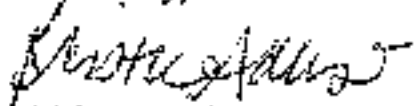
and non-federal accounts according to the same allocation ratio used to allocate the original disbursement. Furthermore, the transfer to your non-federal account for its share of the refund/rebate does not qualify as a shared expense to be allocated between your federal and non-federal account. This transaction should be disclosed as a 100% federal disbursement on Schedule H4. Any reimbursement from your committee's non-federal account for any portion of this transfer is not permissible. 11 CFR §102.5(a)(1)(i)

The Commission recommends that you immediately transfer the funds received by your federal account, as reimbursement for this non-federal portion, back to your non-federal account. Although the Commission may take further legal action concerning this apparent prohibited activity, your prompt action will be taken into consideration.

Unlike previous election cycles, you will not receive an additional notice from the Commission on this matter. Adequate responses received on or before this date will be taken into consideration in determining whether audit action will be initiated. **Requests for extensions of time in which to respond will not be considered.** Failure to provide an adequate response by this date may result in an audit of the committee. Failure to comply with the provisions of the Act may also result in an enforcement action against the committee. Any response submitted by your committee will be placed on the public record and will be considered by the Commission prior to taking enforcement action.

Electronic filers must file amendments (to include statements, designations and reports) in an electronic format and must submit an amended report in its entirety, rather than just those portions of the report that are being amended. If you should have any questions regarding this matter or wish to verify the adequacy of your response, please contact me on our toll-free number (800) 424-9530 (at the prompt press 5 to reach the Reports Analysis Division) or my local number (202) 694-1141.

Sincerely,



Kristine Adams

Campaign Finance Analyst

Reports Analysis Division

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Receipts(s) from Candidate Committee(s):

Contributor Name	Date	Amount	Report
BERKLEY FOR CONGRESS	07/22/04	\$25,000.00	2004 August Monthly
Friends for Harry Reid	04/16/04	\$100,000.00	2004 May Monthly
Friends for Harry Reid	07/31/04	\$50,000.00	2004 August Monthly

